

INCOMING TELEGRAM

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1. DUE DIVERGENCE UK-US CONCEPT CHINA CONTROLS AND NARROWER SIGNIFICANCE FORMER ATTACHES COCOM CONTROLS, UK COOPERATION WITH U.S. IN TRADE CONTROL EFFORT IN FUTURE LARGELY DEPENDENT LEVEL TO WHICH US ABLE TO REDUCE CONTROL OBJECTIVES. WHILE BOTH PRESSING FOR EXPANDED TRADE WITH SINO-SOVIET BLOC, FONOFF SENSITIVE TO NEED WIDE RANGE US-UK COOPERATION MANY FIELDS. MINISTRIES DEFENSE AND SUPPLY PROBABLY WOULD CONTINUE SUPPORT TRADE CONTROLS THEY BELIEVED STRATEGICALLY JUSTIFIED (C.F. SUPPORT FOR BOBON EMBARGO).

2. TO UK MIND, COCOM/CHINCOM CONTROLS SHOULD BE IDENTICAL AND SO WILL CONTINUE PRESS FOR THIS IDENTITY IN SPITE WELL KNOWN US OBJECTION. LAND ROVER/CRAWLER TRACTOR LICENSING IS CASE IN POINT. LIKE USDEL (POLTO 484), EMB BELIEVES US AGREEMENT ELIMINATION CHINA DIFFERENTIAL PROBABLY WOULD NOT INDUCE UK GIVE SPECIFIC QUID PRO QUO, PARTICULARLY ANYTHING WHICH WOULD SEEM TO PUBLIC LIKE EXTENSION PRESENT CONTROLS, E.G. COPPER WIRE EMBARGO, ALTHOUGH WOULD "CLEAR AIR" AND FACILITATE FURTHER NEGOTIATIONS AIMED TOWARD MAKING MULTILATERAL TRADE CONTROL EFFORT MORE MEANINGFUL.

3. A. REF

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-2- 1583, SEPTEMBER 20, 6 P.M., FROM LONDON

3. A. REF (A) SITUATION (1):

- MAINTENANCE CURRENT US POSITION ON CHINA DIFFERENTIAL WOULD PROBABLY HAVE NO IMMEDIATE EFFECT PRESENT COCOM LISTS, BUT ON LONG TERM WOULD CERTAINLY LEAD DISINTEGRATION CHINCOM WITH RESULTANT DAMAGE TO COCOM COOPERATION.

B. SITUATION (2):

AS INDICATED RESULTS SECRETARY'S APPROACH TO LLOYD AT MAY NAC MEETING, LIMITED U.S. CONCESSION WOULD PROBABLY HAVE LITTLE EFFECT UK ATTITUDES DESCRIBED ABOVE.

C. SITUATION (3):

UK US MADE SIZABLE ACCOMMODATION TO MAJORITY VIEW, CHINCOM CONTROLS WOULD MERELY BE FACADE, AND US, TO OBTAIN MUCH BENEFIT FROM ACCOMMODATION, WOULD HAVE TO INDICATE RECOGNITION OF THIS TO PC'S. SUBSTANTIAL ACCOMMODATION ON THESE TERMS MIGHT WELL ENHANCE US RPT US STANDING WITH PC'S BUT DIFFERENTIAL REMNANT, EVEN THOUGH NOT MEANINGFUL, WOULD REMAIN LATENT SOURCE POSSIBLE FUTURE FRICTION.

D. SITUATION (4):

EMB DISPOSED AGREE USDEL VIEW (PARA 4(D) POLTO 484) THAT US AGREEMENT IMMEDIATE DIFFERENTIAL ELIMINATION WOULD STRENGTHEN U.S. NEGOTIATING POSITION. PROBABLE UK (OR OTHER PC'S) WOULD NOT MAKE SPECIFIC QUID PRO QUO AGREEMENTS IN ADVANCE US ACTION, BUT POSSIBLE US MIGHT STILL BE ABLE "BUY" SHORT TERM INSURANCE (6 MO?) AGAINST FURTHER COCOM RELAXATION. IN THIS CONNECTION, FONOFF REP RECENTLY INDICATED INFORMALLY RESPONSE EMB QUERY THERMONUCLEAR LIST REVISION STILL UK GOAL, AND WILL PROPOSE "WHEN TIME SEEMS RIGHT".

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